

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 SP-02 CIEP-02

OMB-01 NSC-05 SS-15 STR-04 CEA-01 PA-02 PRS-01 /091 W

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R 081819Z OCT 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 2453

DEPARTMENT TREASURY

INFO USMISSION OECD PARIS

USMISSION EC BRUSSELS

UNCLAS SECTION 01 OF 02 BONN 17168

DEPARTMENT PASS FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, GW

SUBJECT: GERMAN BALANCE OF PAYMENTS IN AUGUST

REF.: CERP O1O2

1. TRANSMITTED HERewith ARE GERMAN BALANCE OF PAYMENTS  
DATA FOR AUGUST 1976 AND, FOR COMPARISON, THE PERIODS  
JANUARY - AUGUST, 1975 AND 1976.

	AUGUST	JANUARY - AUGUST	
	1976	1975	1976

(IN MILLIONS OF DM)

EXPORTS	19,249	163,802	142,936
IMPORTS C.I.F.	18,041	143,791	117,719
TRADE BALANCE	1,208	20,011	25,217

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SUPPLEMENTARY TRADE ITEMS -124 -53 -1,824

TRADE BALANCE (INCLUDING				
SUPPLEMENTARY ITEMS)	1,084	19,958	23,393	
SERVICES	-2,100	-6,423	-7,742	
UNILATERAL TRANSFERS	-1,600	-11,715	-10,672	
BALANCE OF INVISIBLES	-3,700	-18,138	-18,414	
CURRENT ACCOUNT BALANCE	-2,616	1,820	4,978	
LONG-TERM CAPITAL				
DIRECT INVESTMENT	-117	-1,126	-423	
CREDITS AND LOANS	335	-1,334	-7,787	
PORTFOLIO INVESTMENT	725	1,950	-2,888	
OTHER	892	2,841	-1,234	
BALANCE OF LONG-TERM				
CAPITAL	1,835	2,330	-12,333	
SHORT-TERM CAPITAL				
COMMERCIAL BANKS	2,616	6,178	-6,168	
PRIVATE NON-BANKS	275	-2,147	9,745	
OFFICIAL	-390	975	1,312	
UNRECORDED TRANSACTIONS	1,654	-596	1,436	
BALANCE OF SHORT-TERM				
CAPITAL	4,155	4,410	6,325	
NET FOREIGN POSITION OF				
BUNDESBANK	3,374	8,560	-1,030	

2. ON A SEASONALLY ADJUSTED BASIS EXPORTS INCREASED IN JULY-AUGUST BY 2 PERCENT AS COMPARED WITH MAY-JUNE 1976 WHILE IMPORTS ROSE BY ABOUT 10 PERCENT. THE INCREASE IN THE SERVICES DEFICIT FROM DM 1.2 BILLION IN JULY TO DM 2.1 BILLION IN AUGUST WAS DUE TO HIGHER GERMAN TOURIST EXPENDITURES ABROAD AND A REDUCTION IN THE INVESTMENT INCOME SURPLUS FROM DM 0.5 BILLION IN JULY TO ROUGH EQUILIBRIUM IN AUGUST.

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FM AMEMBASSY BONN  
TO SECSTATE WASHDC 2454  
DEPARTMENT TREASURY  
INFO USMISSION OECD PARIS  
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3. THE INFLOW OF DM 0.7 BILLION RECORDED UNDER THE PORTFOLIO INVESTMENT ITEM REFLECTED DM 0.6 BILLION OF SALES BY FOREIGNERS OF GERMAN SECURITIES INCLUDING SALES OF GERMAN BONDS OF DM 0.4 BILLION. THE DM 0.9 BILLION INFLOW OF QUOTE OTHER UNQUOTE LONG-TERM CAPITAL IN AUGUST MAINLY REFLECTED DM 0.9 BILLION OF SALES OF PROMISSORY NOTES (SCHULDSCHHEINE) OF GERMAN PUBLIC AUTHORITIES BY GERMAN BANKS TO FOREIGNERS AND DM 0.2 BILLION OF DIRECT BORROWINGS ABROAD BY THE FEDERAL GOVERNMENT. THE DM 2.6 BILLION SURPLUS IN THE COMMERCIAL BANKS' SHORT-TERM CAPITAL BALANCE INCLUDED A DM 1.7 BILLION INCREASE IN FOREIGN LIABILITIES OF GERMAN BANKS REFLECTING INFLOWS OF FOREIGN SHORT-TERM CAPITAL DUE TO SPECULATION ON A DM REVALUATION.

4. THE DM 3.4 BILLION INCREASE IN THE NET FOREIGN POSITION OF THE BUNDESBANK WAS ATTRIBUTABLE TO AUGUST FOREIGN EXCHANGE MARKET INTERVENTIONS OF THE BUNDESBANK WITHIN THE SNAKE. IN SEPTEMBER, GERMAN FOREIGN EXCHANGE MARKETS CALMED DOWN BUT LATER IN THE MONTH CENTRAL BANKS UNCLASSIFIED

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OF THE SNAKE MEMBER COUNTRIES HAD AGAIN TO INTERVENE. THIS RESULTED IN A FURTHER INCREASE IN THE BUNDESBANK'S MONETARY RESERVES OF DM 1.1 BILLION. (THIS INCREASE, HOWEVER, DOES NOT INCLUDE INFLOWS OF FOREIGN FUNDS IN THE LAST TWO BUSINESS DAYS OF SEPTEMBER WHICH, DUE TO A TWO DAY DELIVERY PERIOD IN FOREIGN EXCHANGE TRANSACTIONS, WILL BE RECORDED IN OCTOBER.) THE SEPTEMBER INCREASE IN THE BUNDESBANK'S NET FOREIGN POSITION RAISED THE CUMULATIVE BALANCE OF PAYMENTS SURPLUS IN THE FIRST NINE MONTHS OF 1976 TO DM 9.7 BILLION AS COMPARED WITH A DEFICIT OF DM 1.6 BILLION IN THE FIRST NINE MONTHS OF 1975. THE INCREASE IN THE BUNDESBANK'S FOREIGN POSITION, HOWEVER, OCCURRED ONLY IN PERIODS OF SPECULATION ON A DM REVALUATION, I.E., IN FEBRUARY-MARCH (DM 9.7 BILLION) AND AUGUST-SEPTEMBER (DM 4.5

BILLION).  
HILLENBRAND

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